

Message Text

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E.O. 11652: GDS

TAGS: PEPR, TU, US

SUBJECT:CONCLUSION OF ELEKDAG AND MUEZZINOGLU VISIT

1. LATE AFTERNOON AUGUST 18 TURKISH MINISTR, OF FOREIGN
AFFAIRS SECRETARY GENERAL ELEKDAG TELEPHONED COUNSELOR
NIMETZ TO SAY THAT HE HAD REPORTED TO ANKARA THE OUTCOME OF
HIS MORNING MEETING WITH NIMETZ AND AS A RESULT HAD RECEIVED
INSTRUCTIONS TO MAKE THE FOLLOWING POINTS:

-- NOTHING CONCRETE HAS BEEN DONE TO ASSIST TURKEY IN DEAL-
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PAGE 02 STATE 212562

ING WITH ITS ECONOMIC PROBLEMS. THE SEEMING INDIFFERENCE OF
THE US AND TURKEY'S OTHER ALLIES WILL INEVITABLY CREATE
DISILLUSION IN TURKEY.

-- MINISTER OF FINANCE MUEZZINOGLU WAS SENT TO WASHINGTON
AS THE RESULT OF A US SUGGESTION. THE GOT IS GRATEFUL FOR
THE ENCOURAGEMENT GIVEN HIM; HOWEVER, THE OUTCOME OF HIS

VISIT HAS BEEN NEGATIVE AND THE RESULTING ECONOMIC PROBLEMS WILL CAUSE A RE-EVALUATION OF TURKEY'S POLICY.

-- THE IMF WAS EVEN MORE RIGID DURING ITS MEETINGS WITH MUEZZINOGLU AUGUST 18 THAN IT HAD BEEN THE DAY BEFORE. IMF COMPLAINTS ABOUT TURKEY'S PERFORMANCE WERE MINOR. (ELEKDAG SAID THE IMF HAD IDENTIFIED THREE VIOLATIONS OF THE STANDBY: 1) THE GOT HAD EXCEEDED DOMESTIC CREDIT LIMITS; 2) EXPORT

REBATES HAD BEEN RETAINED ON SOME PRODUCTS; AND 3) TURKEY HAD SIGNED BILATERAL BARTER AGREEMENTS WITH LIBYA, IRAQ AND THE USSR). THE IMF HAD MADE NO SUGGESTIONS TO TURKEY ABOUT WHAT STEPS IT MIGHT TAKE IN ORDER TO BE ABLE TO DRAW THE AUGUST 26 STANDBY TRANCHE OF 40 MILLION SDR'S.

-- THE AMERICAN EXECUTIVE DIRECTOR AT THE FUND HAD NOT BEEN HELPFUL.

2. ELEKDAG ENDED HIS CONVERSATION BY SAYING "I AM SAYING GOODBYE. I HOPE THAT I SEE YOU AGAIN UNDER BETTER CIRCUMSTANCES, MY GOVERNMENT DOES NOT UNDERSTAND THAT YOU CAN NOT DO SOMETHING IMMEDIATELY TO HELP TURKEY". ELEKDAG ALSO SAID HE APPRECIATED THE EFFORTS MADE BY NIMETZ AND DEPUTY SECRETARY CHRISTOPHER DURING THE PAST TWO WEEKS, BUT HE REITERATED THAT IN THE VIEW OF THE GOT THIS HAD NOT BEEN ENOUGH. ELEKDAG CONCLUDED WITH AN EMOTIONAL PLEA THAT CONFIDENTIAL

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PAGE 03 STATE 212562

HE BE GIVEN "SOMETHING TO TAKE BACK TO ANKARA" BEFORE HE LEFT ON AUGUST 19.

3. AFTER ELEKDAG'S TELEPHONE CALL, DEPUTY SECRETARY CHRISTOPHER CALLED THE ACTING CHAIRMAN OF THE INTERNATIONAL MONETARY FUND WHO CONFIRMED THAT HIS MEETINGS WITH MUEZZINOGLU HAD BEEN DIFFICULT. IN THE END, HOWEVER, THE FUND HAD DECIDED TO SEND AN EXPERT TO ANKARA TO TAKE ANOTHER LOOK AT TURKEY'S PERFORMANCE BEFORE MAKING A FINAL DECISION ON THE SECOND TRANCHE.

4. ON THE MORNING OF AUGUST 19 THE DEPUTY SECRETARY SPOKE BY TELEPHONE WITH BOTH MUEZZINOGLU AND ELEKDAG. IN EACH CONVERSATION HE REPORTED WHAT HE HAD BEEN TOLD BY THE INTERNATIONAL MONETARY FUND AND REASSURED THEM OF THE CONTINUING US INTEREST IN TRYING TO HELP TURKEY IN EVERY REASONABLE WAY. (BOTH MUEZZINOGLU AND ELEKDAG SEEMED TO BE AWARE OF THE FUND'S DECISION TO SEND SOMEONE TO ANKARA). THE DEPUTY SECRETARY ALSO TOLD ELEKDAG THAT HE BELIEVED HIS VISIT TO WASHINGTON HAD BEEN A USEFUL ONE BECAUSE IT HAD FOCUSED THE ATTENTION OF THE US GOVERNMENT ON THE SEVERITY OF TURKEY'S PROBLEMS. BOTH MUEZZINOGLU AND ELEKDAG SEEMED

TO BE IN BETTER SPIRITS THAN THEY HAD BEEN THE PREVIOUS DAY
,AND THEY THANKED THE DEPUTY SECRETARY FOR HIS ASSISTANCE
AND ASSURANCES. CHRISTOPHER

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